

Message Text

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TO AMEMBASSY TEHRAN

INFO AMCONSUL KHORRAMSHAHR

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E.O. 11652: N/A

TAGS: BDIS, IR

SUBJ: NABISCO INC.'S DATE PURCHASE CONTRACT

EMBASSY'S INTERCESSION WITH GOI'S EXPORT PROMOTION CENTER REQUESTED TO AVOID CANCELLATION OF SUBJECT CONTRACT BY BUYERS AND RESULTING LOSS TO IRAN OF U.S. MARKET DEMAND WITH ANNUAL CIF VALUE IN EXCESS DOLS 1,000,000. IN ACCORDANCE PROCEDURES REGULARIZED IN RECENT YEARS, NABISCO REACHED FIRM AGREEMENT WITH FIVE OF COUNTRY'S MAJOR DATE EXPORTERS HEADED BY KIMIA COMPANY S.A. IN KHORRAMSHAHR ON 6/5/73 WITH CONTRACT SIGNED BY SUPPLIERS ON 6/26/73 FOR DATES MEETING U.S. IMPORT STANDARDS TO BE HARVESTED DURING INITIAL WEEKS OF CROP COLLECTION WHICH STARTS EARLY SEPTEMBER. JALAL MOVAGHAR WHO LEADS OTHER GROUP OF FIVE EXPORTERS WHICH DID NOT ACCEPT KIMIA CONTRACT TERMS APPROACHED EXPORT PROMOTION CENTER AND WAS INFORMED BY DR. ALIZADEH OF THAT ORGANIZATION THAT KIMIA GROUP'S PRICES MUST BE RAISED REPORTEDLY BY 7/8 PERCENT TO COVER ALLOWANCES FOR HIGHER LABOR REMUNERATION WHICH GOI DESIRES; HIGHER PRICES AND DUTIES FOR NECESSARY IMPORTS PACKAGING MATERIALS, AND APPROPRIATELY HIGHER PROFIT MARGINS FOR IRAN'S DATE EXPORTING ACTIVITIES.

NABISCO IN. WILL NOT AGREE TO THIS EX POST FACTO INTERVENTION

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IN FREELY NEGOTIATED KIMIA CONTRACT COMMITMENTS FOR SEVERAL

COGENT REASONS. COMPANY PURCHASES ALMOST TREBLED AMOUNT OF ITS PACKAGED DATE REQUIREMENTS FROM IRAQ AND FINALIZED DOLS 2,500,000 AGREEMENT THIS SOURCE IN LATE MAY. CONCESSION MADE TO IRAN EXPORTERS WOULD OBVIOUSLY HAVE TO BE RETROACTIVELY APPLIED IRAQ SHIPMENTS. NABISCO RESELLS PORTION (APPROXIMATELY 25 PERCENT) OF ITS TONNAGE TO OTHER DOMESTIC DISTRIBUTORS FOR WHOM 1973 COSTS HAVE ALREADY BEEN CERTIFIED. WHEREAS NABISCO WOULD NOT RESIST GOI INVOLVEMENT FUTURE PURCHASE NEGITIATIONS TO PROVIDE REASONABLE PROTECTION AND INCENTIVES FOR DATE-PRODUCING INDUSTRY IN ALL COMPONENT SECTORS, IT WILL NOT ACCEPT BELATED IMPOSITION OF ARBITRARY INCREASES ON EXPORTERS' UNDERTAKINGS WHICH WERE AMICABLE AND VOLUNTARILY ASSUMED FOR CURRENT CROP DELIVERIES. ONLY LIMITED TIME AVAILABLE TO RESOLVE THESE ISSUES SINCE U.S.G.IMPORT PRODUCT STANDARDS REQUIRE FULFILLING EXPORT COMMITMENTS TO AMERICAN BUYERS DURING FIRST FOUR WEEKS OF HARVESTING SEASON. NABISCO ALREADY HAS ITS QUALITY CONTROL SPECIALIST, MICHAEL LEETE, IN KHORRAMSHAHR WHO MUST ALSO SUPERVISE IRAQ PACKING OPERATIONS. MOREOVER, POSSIBILITY EXISTS TO INCREASE PURCHASES LATTER SOURCE IF ALIZADEH'S ALLEGED POSITION CONTINUES ADAMANT. EMBASSY URGED TO REGISTER ABOVE POINTS SOONEST WITH DIRECTORATE OF EXPORT PROMOTION CENTER AND SEEK LATTER'S ENDORSEMENT OF NABISCO-KIMIA JUNE CONTRACT COMMITMENTS. ALTERNATIVE IS LOSS OF SUBSTANTIAL DOLLAR SALE TO LARGEST U.S. IMPORTER AND NECESSARY PUBLICIZING AMONG OTHER AMERICAN DATE BUYERS OF BOTH CURRENT AND PROSPECTIVE DIFFICULTIES IN CONTINUING PURCHASES THIS SPECIALIZED PRODUCT LINE FROM IRAN. AMCONSUL KHORRAMSHAHR COMMENTS AND SUGGESTIONS TO EMBASSY ON FOREGOING INVITED, BASED ON ITS ASSUMED CONTACTS WITH LEETE, WITH MESSAGE REPEATED WASHINGTON FOR COMMERCE INFO. DECONTROLLED UPON RECEIPT. ROGERS

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